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MARY C. SAUER, MARK ELY, ROBERT M. GREBER,
10 PETER J. MARGUGLIO and R. WARREN LANGLEY

11 UNITED STATES DISTRICT COURT
12 NORTHERN DISTRICT OF CALIFORNIA
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15 CITY OF WESTLAND POLICE AND FIRE
RETIREMENT SYSTEM AND PLYMOUTH
16 COUNTY RETIREMENT SYSTEM, On Behalf
of Themselves and All Others Similarly
17 Situated,

18 Plaintiff,

19 v.

20 SONIC SOLUTIONS, DAVID C. HABIGER,
ROBERT J. DORIS, A. CLAY LEIGHTON,
21 MARY C. SAUER, MARK ELY, ROBERT M.
GREBER, PETER J. MARGUGLIO and R.
22 WARREN LANGLEY,

23 Defendants.
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Case No.: C 07-5111(JSW)

CLASS ACTION

**[PROPOSED] ORDER GRANTING
DEFENDANTS' SUPERSEDING
MOTION TO DISMISS THE
[CORRECTED] CONSOLIDATED
CLASS ACTION COMPLAINT**

Date: September 5, 2008
Time: 9:00 a.m.
Crtrm: 2
Trial Date: None Set

The Honorable Jeffrey S. White

1 Defendants Sonic Solutions, David C. Habiger, Robert J. Doris, A. Clay Leighton,
2 Mary C. Sauer, Mark Ely, Robert M. Greber, Peter J. Marguglio and R. Warren Langley's
3 ("Defendants") Superseding Motion to Dismiss the [Corrected] Consolidated Class Action
4 Complaint pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure came on for
5 hearing on September 5, 2008, at 9:00 a.m. in this Court. Counsel for Defendants and for
6 Plaintiffs were in attendance and presented oral arguments. Having considered the parties'
7 papers filed in support of and in opposition to the motion, oral argument, and other
8 pleadings and papers on file herein, the Court finds the following:

9 1. With respect to the first cause of action for violation of Section 10(b) of the
10 Securities Exchange Act of 1934 (the "Exchange Act"), Plaintiffs fail to plead facts giving
11 rise to a "cogent and compelling" inference of scienter on the part of any Individual
12 Defendant, as required by *Tellabs, Inc. v. Makor Issues & Rights, Ltd.*, 127 S. Ct. 2499,
13 2510 (2007). Because Plaintiffs have failed to plead scienter as to any of the Individual
14 Defendants, they also fail to plead scienter as to the Company. As to Defendants Ely,
15 Greber, Langley, and Marguglio, Plaintiffs also fail to attribute any misstatement to them
16 because the Complaint does not allege with the required particularity that these Defendants
17 participated in the preparation of the challenged statements. Nor has the Complaint
18 successfully alleged that these Defendants participated in a scheme to be held liable under
19 the theory of "scheme" liability.

20 2. With respect to the second cause of action for violation of Section 14(a) of the
21 Exchange Act, to the extent that this claim is based on Sonic's 2003 and 2004 proxy
22 statements, it is time barred because these proxy statements were issued more than three
23 years before this lawsuit was filed. As to the 2005 proxy statement, the Complaint fails to
24 plead an "essential link" between any alleged misstatement and any injury to investors or
25 plead any facts raising a "strong inference of negligence" on the part of the Defendants.

26 3. With respect to the third cause of action for violation of Section 20(a) of the
27 Exchange Act, Defendants are not liable as control persons because Plaintiffs have failed to
28 plead a predicate violation of the federal securities laws. Moreover, Plaintiffs have failed to

1 plead with particularity facts establishing that any of the Individual Defendants exercised
2 control over the Company.

3 4. With respect to the fourth cause of action for violation of Section 20A of the
4 Exchange Act, Defendants are not liable for the insider trading claims because Plaintiffs
5 have failed to plead a predicate violation of the federal securities law. In addition, Plaintiffs
6 have not alleged that they purchased Sonic securities contemporaneously with the purported
7 sales of Defendants Sauer, Ely, Marguglio, Langley, and Greber.

8 **IT IS THEREFORE ORDERED** that Defendants' Superseding Motion to Dismiss
9 is **GRANTED**, and the Complaint is dismissed without leave to amend.

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11 **IT IS SO ORDERED.**

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13 DATED: _____

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15 _____
16 The Honorable Jeffrey S. White
17 UNITED STATES DISTRICT JUDGE
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